

Consumers for Innovative Technology
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Consumers for Innovative Technology
Testimony
House Committee on Energy and Technology
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Good morning Mr. Chairman and members of the committee. My name is Lavonia Fairfax Perryman, and I am the Executive Director of Consumers for Innovative Technology. Thank you for the opportunity to testify today in support of House Bill 5895, the Michigan Cable and Video Competition Act.

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Consumers for Innovative Technology, or CIT, is a Michigan consumer-based grassroots coalition. Our broad base of members believe that competition in the cable industry is a means to bringing more choices, better service, lower prices and innovative technology to Michigan consumers. Our rapidly growing membership -- nearly 5,000 strong and counting -- is a testament to the common sense notion that consumers should drive the marketplace; they should have the competitive choices that lead to lower prices and better services in our exploding high-tech economy.

The idea for CIT was formed a result of a conversation I had last year with a number of friends and neighbors about the high cost of living. After complaining about high gas prices, college tuition, and groceries, the talk turned to technology. Unlike the rest of our consumer experiences, the costs of high technology products and services seem to be always going down. Computers, wireless phones, electronic games and long distance telephone calls -- all cheaper and better every year.

And then someone asked, but what about TV, and in particular cable TV? Why has there been so little innovation? Why is service so poor and why do our cable bills continue to go up every single year?

As a former Cable Commissioner for the District of Columbia, I knew the answer. Cable companies are essentially monopolies, controlling turf carved up by municipal leaders and cable bureaucrats decades ago when there were no other meaningful choices for TV

consumers. We all know that monopolies bring zero benefits to consumers. Monopolies stifle competition, restrict innovation and lead to higher prices for services.

Robust competition in any industry is the key to keeping prices for goods and services low – it's a basic rule of economics. Take a look at other communications industries for examples: the cost of wireless phone service has always been competitive because consumers, not regulations, have driven the market; competition in the long-distance phone market has significantly reduced the price of calling cross-country from your land line; and competition in the local phone industry has resulted in low-priced packages to fit consumers' needs.

But while competition has driven down prices for other communications services, cable TV prices keep climbing across the country and right here in Michigan. Nationally, cable rates have gone up 86 percent over the last ten years; right here in Lansing cable rates have gone up 20 percent in three years; Detroit has seen a 21 percent increase over the past four years; Grand Rapids – up 46 percent in the last six years; Flint – up 28 percent in the last five years; Dearborn – up 20 percent in the three years; Holland – up 46 percent in six years and the biggest shocker is Grosse Pointe, Michigan – residents in that town have seen a 135 percent increase over the past twelve years.

Make no mistake: cable television service is important to people. Consumers rely on it as not only a form of entertainment, but also as a way to stay informed and up-to-date on news and issues that affect their everyday lives.

I have heard firsthand the demand for change. Consumers no longer want to be held captive by a monopolistic, bureaucratic franchise system that has forced them to pay exorbitant prices for cable television services with no alternatives.

Michigan consumers want more choices. They want lower prices, better service and a market that will deliver new technologies to them. And, Michigan consumers *deserve* those items.

But who are the biggest opponents to progress, competition, innovation and change? The cable companies, of course. Cable companies are fighting tooth and nail to protect their monopolies. Cable would prefer to keep the competition out so that they can continue to enjoy the massive profits they reap off the backs of consumers year after year. More surprisingly, some municipalities, who are doing the bidding of the cable industry, are also fighting hard to maintain the status quo. They fear change, but they shouldn't.

House Bill 5895 will establish a system of statewide franchising that will break through the maze of bureaucratic red tape associated with the requirement for video providers to negotiate franchise agreements with hundreds of separate municipal governments in Michigan. The bill includes a very simple application process for providers; preserves local government control over rights-of-way issues; calls for public, educational and government channels; prohibits redlining and it preserves local government revenues generated by franchise fees.

In truth, municipalities have absolutely nothing to fear with the creation of a statewide franchising system. Instead they should embrace the notion of competition enabled at the statewide level – breaking down the barriers to competitive entry will only satisfy the needs of their constituents who have been outspoken advocates for change.

Consumer choice is a guiding principle of CIT, and it should be a guiding principle of the Michigan Legislature. When it comes to cable television service, consumers – not monopolies – should be in control. Michigan residents look to you to make decisions that will have the best overall impact on their lives. In this case, the choice is clear – supporting House Bill 5895 will bring the greatest economic and consumer benefits to Michigan. I urge to support competition in the cable television market and to vote “YES” on House Bill 5895 when it comes up for a vote.

Thank you for your time and consideration.

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